

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (E 3338-E) for Authority to Institute a Rate Stabilization Plan with a Rate Increase and End of Rate Freeze Tariffs.	Application 00-11-038 (Filed November 16, 2000)
Emergency Application of Pacific Gas and Electric Company to Adopt a Rate Stabilization Plan. (U 39 E)	Application 00-11-056 (Filed November 22, 2000)
Petition of THE UTILITY REFORM NETWORK for Modification of Resolution E-3527.	Application 00-10-028 (Filed October 17, 2000)

**ASSIGNED COMMISSIONER'S RULING
(Utility Retained Generation Phase)**

On February 21, 2002, I received a letter from the California Department of Water Resources (DWR). This letter identified adjustments which could be made to the utility retained generation (URG) revenue requirements of Southern California Edison Company (Edison) and Pacific Gas and Electric (PG&E) to account for costs imposed by the California Independent System Operator (ISO). In a ruling dated March 4, 2002, Administrative Law Judge (ALJ) Pulsifer directed that the DWR letter be placed into the administrative record. (A copy of DWR's February 21, 2002, letter is attached as Appendix A.) This ruling solicits comments on whether the URG revenue requirement adjustments identified in

the February 21st letter are appropriate and should be implemented in the URG phase of this docket.

The adjustments identified in the February 21st letter rely on data previously placed into the record in a December 6, 2001, letter to Commissioner Brown. (A copy of DWR's December 6, 2001, letter is attached as Appendix B.) The Commission's Energy Division (ED) has reviewed the data contained in the December 6th letter and the related adjustments identified in the February 21st letter. To facilitate Commission action, the Commission's ED has summarized the adjustments and underlying data for the benefit of parties. A copy of ED's summary is attached as Appendix C.

The proposed decision (PD) of ALJ DeUlloa provided for recovery of actual, necessary and reasonable costs related to prospective generation costs incurred by the utilities. The PD also recognized that ISO-related costs might be incurred by the utilities and provided for recovery of such costs in the utilities' URG revenue requirement amounts subject to avoidance of double collection. It now appears, based on the February 21st letter, that the PD may have omitted discussion of ISO-related costs that the utilities must pay on or before September 1, 2002.

The purpose of this ruling is to permit parties an opportunity to review the adjustments identified in the February 21st letter and comment on whether it is reasonable to make such adjustments in the utilities prospective URG revenue requirement and order that such costs be paid by September 1, 2002.

To be considered, comments must be filed on or before March 14, 2002 and replies filed on or before March 19, 2002.

IT IS RULED that:

1. Parties may file comments on or before March 14, 2002 stating whether it is reasonable to adjust the utilities prospective utility retained generation revenue requirement to account for costs identified by the Commission's Energy Division in Appendix C and order that such costs be paid by September 1, 2002.

2. Parties may file replies on or before March 19, 2002.

Dated March 4, 2002, at San Francisco, California.

/s/ LORETTA LYNCH

Loretta Lynch
President
California Public Utilities
Commission

APPENDIX A
DWR'S FEBRUARY 21, 2002 LETTER

(NOTE: See CPUC Formal Files for Appendix A.)

A.00-11-038 et al. LYN/eap

APPENDIX B
DWR'S DECEMBER 6, 2001 LETTER

(NOTE: See CPUC Formal Files for Appendix B.)

APPENDIX C
ENERGY DIVISION'S SUMMARY ADJUSTMENTS
AND UNDERLYING DATA

Disputed Charges						
Charge Discription	ISO Charge Type	January 17 - July 31, 2001 / 1			Forecast / 2	
		PG&E	SCE	Total	Aug - Dec 2001	2002
GMC	521, 522, 523	47,926,087	34,741,067	82,667,154	66,000,000	180,000,000
Congestion (URG Related)	203, 204, 253, 254, 256	23,338,440	(4,473,299)	18,865,141	15,000,000	36,000,000
Demand Relief	117, 3482, 3483	2,572,782	2,264,745	4,837,527	6,428,571	8,571,429
Summer Reliability	1120, 1121	3,465,271	3,108,654	6,573,925	1,000,000	6,000,000
Wheeling Charges	382, 383	74,214	43,146	117,360	208,333	500,000
Voltage Support	1302	769,443	9,550	778,993	625,000	1,500,000
Penalties	485	12,596,773	633,470	13,230,243	-	-
Total		90,743,010	36,327,333	127,070,343	89,261,905	232,571,428

1/ Source: December 6, 2001, Letter to Commissioner Brown, Table A-1

2/ Source: December 6, 2001, Letter to Commissioner Brown, Table B-1

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Assigned Commissioner's Ruling on all parties of record in this proceeding or their attorneys of record.

Dated March 4, 2002, at San Francisco, California.

/s/ ERLINDA PULMANO

Erlinda Pulmano

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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